

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE POND CREEK )  
WATER DISTRICT, A WATER DISTRICT )  
ORGANIZED PURSUANT TO CHAPTER 74 )  
OF THE KENTUCKY REVISED STATUTES, )  
OF PIKE COUNTY, KENTUCKY, FOR )  
(1) A CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY, )  
AUTHORIZING AND PERMITTING SAID )  
WATER DISTRICT TO ACQUIRE A )  
WATERWORKS DISTRIBUTION SYSTEM, )  
CONSISTING OF A PUMPING STATION )  
AND CERTAIN DISTRIBUTION LINES )  
NEEDED TO SERVICE WATER TO )  
CUSTOMERS OF THE DISTRICT, AND )  
(2) APPROVAL OF THE WATER RATES )  
PROPOSED TO BE CHARGED BY THE )  
DISTRICT TO CUSTOMERS OF THE )  
DISTRICT )

CASE NO.  
8621

O R D E R

The Pond Creek Water District ("Pond Creek") by its initial application filed August 17, 1982, and its amended application filed September 15, 1982, is seeking authorization to acquire certain waterworks facilities and approval of the rates it proposes to charge for the service to be provided by those facilities. On the date its application was filed, Pond Creek had no facilities and was providing no services. The establishment of Pond Creek as a water district was by order of the Pike County, Kentucky, Court in March 1966.

A hearing was held December 21, 1982, in the offices of the Commission in Frankfort, Kentucky. There were no intervenors and no protests were entered.

#### REVENUES AND EXPENSES

Pond Creek proposed no specific pro forma operating expenses in its application. Therefore the Commission is unable to determine the appropriateness of the proposed rates. Since Pond Creek provided no historical financial data and no cost data, after 1 year of operation the Commission will review the impact of the rates granted herein and at that time determine their appropriateness.

#### SUMMARY

The Commission, after consideration of the record and being advised, is of the opinion and finds that:

1. The facilities Pond Creek proposes to acquire were constructed by the Pike County Housing Authority about 3 years ago to provide water to a housing complex and the ARC hospital at South Williamson. These facilities are known as the Tug Fork Water System and include a master meter station on the West Virginia side of the Tug Fork of the Big Sandy River, approximately 3.5 miles of 8-inch and 6-inch distribution mains including a river crossing and a 300,000-gallon storage tank.

2. The Pike County Housing Authority is ready, willing, and able to convey ownership of its Tug Fork Water System to Pond Creek at no cost. The proposed conveyance

has been approved by "Pike County Fiscal Court Resolution" dated September 9, 1982.

3. Pond Creek is ready, willing, and able to accept ownership of the Tug Fork Water System and to provide for the continuance of water service to the housing complex and the ARC hospital. Further, Pond Creek plans to provide water service connections to others who are seeking water service from the Tug Fork Water System. Further, Pond Creek will employ or continue the employment of persons essential to the efficient operation of the Tug Fork Water System in accordance with the regulations of this Commission and applicable state statutes.

4. The conveyance of ownership of the waterworks facilities now owned and operated by the Pike County Housing Authority to Pond Creek as proposed by Pond Creek and as set forth in the September 9, 1982, Resolution of the Pike County Fiscal Court should be approved.

5. Pond Creek has proposed rates that establish a minimum allowance of water for various size meters and a fixed price per 1,000 gallons for all water used in excess of the minimum allowance. These rates were selected on the basis of charges for similar service made by other water utilities in Pike County. The Commission is of the opinion that the rates proposed by Pond Creek are discriminatory insofar as the charge for the various minimums does not allow corresponding usage and should be denied. The Commission further finds that the rates in Appendix A, in which the minimum charges have

been adjusted to reflect the proper allowable usage, should be approved for service for at least the initial 12 months of operations. Thereafter, Pond Creek should review its financial condition and file the results with the Commission within 60 days. The Commission will at that time review the results to determine if the rates are reasonable and appropriate based on actual operating conditions.

6. Pond Creek should prepare its tariffs including the rates in Appendix A and file a copy thereof with this Commission within 30 days of the date of this Order. Further, a copy of its operating rules and regulations should be filed with its tariffs.

7. A 5/8-inch x 3/4-inch meter should be the standard customer service meter and should be installed at all points of service unless the customer provides sufficient justification for the installation of a larger meter. Further, any customer with a larger meter, with the exception of special contract customers, should pay the rates herein approved for the larger meter.

8. Pond Creek should file with the Commission a copy of all contractual agreements for the provision of services or the purchase of services which are subject to the approval of this Commission. These include contracts which may be entered into with the Pike County Department of Public Works or the Water Resources Assistance Corporation.

9. Pond Creek should file with this Commission a copy of its opening journal entries reflecting acquisition of the

Tug Fork Water System within 30 days of the date the conveyance is consummated.

IT IS THEREFORE ORDERED that the conveyance of the Tug Fork Water System to Pond Creek as set forth in the application and record herein be and it hereby is approved.

IT IS FURTHER ORDERED that the rates and charges proposed by Pond Creek be and they hereby are denied upon application of KRS 278.030.

IT IS FURTHER ORDERED that the rates in Appendix A be and they hereby are approved for service to be rendered by Pond Creek on and after the date of this Order, and shall remain in effect for at least the initial 12 months of operation.

IT IS FURTHER ORDERED that within 60 days after the initial 12 months of operation Pond Creek shall review its financial condition and file the results with this Commission.

IT IS FURTHER ORDERED that Pond Creek shall file its tariffs setting out the rates in Appendix A with this Commission within 30 days of the date of this Order. Further, a copy of its operating rules and regulations shall be filed with the Commission.

IT IS FURTHER ORDERED that a 5/8-inch x 3/4-inch meter shall be the standard customer service meter and shall be installed at all points of service unless the customer provides sufficient justification for the installation of a larger meter. Further, any customer with a larger meter, with

the exception of special contract customers, shall pay the rates approved herein for the larger meter.

IT IS FURTHER ORDERED that Pond Creek shall file with the Commission a copy of all contractual agreements for the provision of services or for the purchase of services which are subject to the approval of this Commission.

IT IS FURTHER ORDERED that Pond Creek shall file with this Commission a copy of its opening journal entries reflecting acquisition of the Tug Fork Water System within 30 days of the date the conveyance is consummated.

Done at Frankfort, Kentucky, this 8th day of April, 1983.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

\_\_\_\_\_  
Secretary

## APPENDIX A

### APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 8621 DATED APRIL 8, 1983

The following rates are prescribed for the customers in the area served by Pond Creek Water District. All other rates not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

#### Monthly Rate

##### 5/8 X 3/4 Inch Meter

First	2,000 Gallons	\$10.00 Minimum Bill
All Over	2,000 Gallons	1.75 per 1,000 Gallons

##### 1 Inch Meter

First	10,000 Gallons	\$24.00 Minimum Bill
All Over	10,000 Gallons	1.75 per 1,000 Gallons

##### 2 Inch Meter

First	50,000 Gallons	\$94.00 Minimum Bill
All Over	50,000 Gallons	1.75 per 1,000 Gallons

##### 4 Inch Meter

First	100,000 Gallons	\$181.50 Minimum Bill
All Over	100,000 Gallons	1.75 per 1,000 Gallons

##### 6 Inch Meter

First	150,000 Gallons	\$269.00 Minimum Bill
All Over	150,000 Gallons	1.75 per 1,000 Gallons